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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

G92-2235

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

BEST COPY AVAILABLE

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

PROCESSED BY
10/K-P
MAR 26 1992

COMMISSION FILE NUMBER: 1-10987 and 0-19708

HUGHES RESOURCES, INC.
Exact name of Registrant as specified in

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Colorado
State or other jurisdiction of incorporation or organization

84-1034982
I.R.S. Employer Identification No.

FM 2626 NORTH, BON WIER, TEXAS
Address of principal executive offices

75928
Zip Code

Registrant's telephone number, including area code: 409-397-4221

Former name, former address and former fiscal year, if changed since last report: **not applicable**

Indicate by check mark whether the Registrant (1) has filed an annual, quarterly and other reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

The number of shares outstanding of the issuer's common stock, as of February 28, 1992 is 5,196,404 shares.

This filing consists of 11 pages
It contains no exhibits

PART 1 FINANCIAL INFORMATION

HUGHES RESOURCES, INC.
CONSOLIDATED BALANCE SHEET

	JANUARY 31, 1992 (UNAUDITED)	OCTOBER 31, 1991 (1)
ASSETS		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	$56,051	$173,456
TRADE RECEIVABLES, LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	1,181,213	1,133,182
INVENTORIES	1,340,167	1,465,696
TIMBER DEEDS	486,735	333,371
PREPAID INSURANCE	432,742	343,704
DEFERRED INCOME TAXES	44,994	44,994
	3,541,902	3,494,403
LONG-TERM RECEIVABLES		
ADVANCES TO STOCKHOLDER AND EMPLOYEES	143,012	191,085
PROPERTY AND EQUIPMENT	3,096,482	3,064,280
OTHER ASSETS	$92,289	35,515
	$6,873,685	$6,785,283
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
SHORT TERM BORROWINGS	$1,479,010	$1,456,650
BANK OVERDRAFT		23,216
ACCOUNTS PAYABLE	1,161,408	1,077,810
CUSTOMER ADVANCES	73,507	83,586
INCOME TAXES PAYABLE	334,294	332,967
ACCRUED EXPENSES	170,994	79,452
	3,219,213	3,053,681
LONG-TERM DEBT, LESS CURRENT MATURITIES	1,159,418	1,241,856
DEFERRED INCOME TAXES	240,372	240,372
STOCKHOLDERS' EQUITY		
COMMON STOCK	33,644	33,644
RETAINED EARNINGS	2,221,038	2,215,730
	2,254,682	2,249,374
	$6,873,685	$6,785,283

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

(1) THE OCTOBER 31, 1991 AMOUNTS ARE DERIVED FROM THE AUDITED FINANCIAL STATEMENTS OF THAT DATE.

HUGHES RESOURCES, INC.
CONSOLIDATED STATEMENT OF INCOME

	THREE MONTHS ENDED JANUARY 31, 1992 (UNAUDITED)	1991 (UNAUDITED)
NET SALES	$5,283,815	$6,137,342
COST OF SALES	4,802,097	5,421,799
GROSS PROFIT	481,718	715,543
OPERATING EXPENSES	404,694	354,713
OPERATING INCOME	77,024	360,830
FINANCIAL INCOME (EXPENSE)		
INTEREST INCOME		
INTEREST EXPENSE	(56,300)	(70,922)
OTHER INCOME AND (EXPENSE)	(14,089)	(20,692)
INCOME BEFORE INCOME TAXES	6,635	269,216
FEDERAL INCOME TAX	1,327	72,728
NET INCOME	$5,308	$196,488
EARNINGS PER SHARE OF COMMON STOCK OUTSTANDING 3,364,404 SHARES	$.00	$.06
WEIGHTED AVERAGE NUMBER OF COMMON STOCK	3,364,404	3,364,404

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS.

HUGHES RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	THREE MONTHS ENDED JANUARY 31, 1992 (UNAUDITED)	1991 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
CASH RECEIVED FROM CUSTOMERS	$5,235,784	$6,034,450
CASH PAID TO SUPPLIERS AND EMPLOYEES	(5,013,940)	(6,321,376)
INTEREST PAID	(56,300)	(70,922)
	165,544	(357,848)
CASH FLOWS FROM INVESTING ACTIVITIES		
PRINCIPAL PAYMENTS RECEIVED ON ADVANCES TO STOCKHLDR'S & EMP	48,073	0
PURCHASE OF PROPERTY AND EQUIPMENT	(207,451)	(48,818)
DISBURSEMENTS ON ADVANCES TO STOCKHOLDERS AND EMPLOYEES	0	(57,172)
DISBURSEMENTS FOR OTHER ASSETS	(56,774)	54,854
	(216,152)	(51,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
PROCEEDS FROM BORROWINGS	100,000	41,766
PRINCIPAL PAYMENTS ON BORROWINGS	(176,876)	(189,583)
CUSTOMER ADVANCES	10,079	589,000
	(66,797)	441,183
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(117,405)	32,199
CASH AN CASH EQUIVALENTS BEGINNING	173,456	12,261
ENDING	$56,051	$44,460

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

HUGHES RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	THREE MONTHS ENDED JANUARY 31,	
	1992 (UNAUDITED)	1991 (UNAUDITED)
RECONCILLIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
NET INCOME	$5,308	$196,488
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
DEPRECIATION	150,000	135,178
CHANGES IN ASSETS AND LIABILITIES NET OF EFFECTS FROM ORGANIZATION OF SUBSIDIARY:		
DECREASE (INCREASE) IN TRADE RECEIVABLES	(48,031)	(102,892)
DECREASE (INCREASE) IN INVENTORIES AND TIMBER DEEDS	(27,835)	(83,816)
(DECREASE) INCREASE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES	173,813	(545,265)
INCREASE IN INCOME TAX PAYABLE	1,327	42,459
(INCREASE) DECREASE IN PREPAID EXPENSE	(89,038)	19190
	$165,544	($357,848)

SEE NOTES TO UNAUDITED FINANCIAL STATEMENTS

Hughes Resources, Inc.
Notes to consolidated financial statements
(unaudited)

Note 1 -- Basis of Presentation

The accompanying unaudited, consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulations S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three months ended January 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 1992.

These statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended October 31, 1991.

Note 2 -- Reorganization

On June 3, 1991, the shareholders of Hughes Wood Products, Inc. exchanged their stock interest in Hughes Wood Products, Inc. for 5,819,000 shares of Common Stock of FIRMA, Inc., a Colorado corporation pursuant to a Reorganization Agreement (such transaction being referred to herein as the "Hughes Reorganization"). Immediately after the Hughes Reorganization, FIRMA, Inc., changed its name to "Hughes Resources, Inc.". As a result of the Hughes Reorganization, Hughes Wood Products, Inc. is a wholly owned subsidiary of Hughes Resources, Inc.

Note 3 -- Reverse Stock Split

On December 2, 1991, the shareholders of Hughes Resources, Inc. approved an amendment to the Company's Article of Incorporation and approved a reverse stock split of 1 for 1.88 common shares.

Note 4 -- Subsequent Events

Of February 10, 1992, the Company completed a public offering of 966,000 Units at $6.00 per Unit. Each Unit consisted of two shares of the Company's $.01 par value common stock, one Class A Common Stock Purchase Warrant, and one Class B Common Stock Purchase Warrant. This is further described in a current report on Form 8-K reporting an event of February 10, 1992.

HUGHES RESOURCES, INC.
Managements Discussion and Analysis of
Financial Conditions and Results of Operations
for the Three Months Ended January 31, 1992

Liquidity and Capital Resources

For the three months ended January 31, 1992 company working capital decreased by approximately $118,000. During the period cash declined by approximately $117,000. Additional borrowings of $100,000 on company working capital lines, together with $165,000 in cash generated from operating activities, funded cash requirements for the quarter. The $165,000 generated from operating activities for the quarter ended January 31, 1992, compares with $357,000 in cash used by operating activities during the sames period of fiscal 1991. The difference is accounted for in a substantial reduction in accounts payable made during the first quarter of 1991.

Company assets increased slightly during the quarter with certain line items increasing and others decreasing. In no case were the changes material to the Company's financial condition.

During the quarter negotiations were begun to secure equipment for additions to all company mill and plant sites. It is expected that $1.3 million dollars will be invested in property and equipment by the end of the fiscal year, October 31, 1992. Additions to the DeQuincy mill will include a pole peeler, enabling the company to manufacture poles to be treated in the company's Houston Woodtech facilities in San Antonio. It is expected that pole manufacturing will begin in late April of 1992. The other major expenditure will be for mill upgrading at the Bon Wier facility. It is expected that the modernized equipment to be added will increase production from the mill approximately 30%, and increase efficiencies of yield by approximately 15%.

On February 10, 1992, following the end of the quarter, the Company completed a public offering of 966,000 Units at $6.00 per Unit, netting approximately $4,700,000. The Company intends to use these funds to retire debt, for plant expansion and renovation, and for working capital. In addition, the Company used $255,000 to retire 100,000 shares of common stock held by the President.

Results of Operations

During the three months ended January 31, 1992, sales were $5,283,815, approximately a 13% reduction from sales of $6,137,342 of the same quarter during the previous year. Gross profit on the sales reduced to $481,718 during the first quarter of 1992 (9.1% of sales) from $715,543 during the first quarter of 1991 (11.7% of sales).

The most significant influence on the Company's results of operations for the first quarter of the 1992 fiscal year was the inclement weather in eastern Texas and western Louisiana. Rainfall totals exceeded twice normal levels and were the highest in 50 years. This amount of precipitation made it difficult to harvest logs during the quarter because of the difficulty of moving the necessary heavy equipment into the logging sites. The Company's inability to secure sufficient log inventory had negative effects on production volume and efficiencies of the Company's logging, milling, and wood treatment operations, resulting in reduced sales and gross margins.

Market demand for all of the Company's products remain strong and, in fact, demand has been outstripping supply on an industry-wide basis in the Company's area of operations. For that reason, the Company is encouraged in its belief that lost revenues and profits can be recovered as the year progresses. Shipments to brokers supplying utility poles to Telmex of Mexico are expected to reach 4,000 poles per month by the end of March 1992, and exceed 6,000 per month by the end of May 1992. Management expects that these shipments will result in increased revenue's and profits. Management is negotiating with brokers a contract for sale of debarked logs for the remainder of 1992. Consummation of an agreement would enable the company to essentially recover the revenues from that activity lost during the first quarter because of bad weather.

Gross margins decreased from 12% to 9% for the period again reflecting inefficiencies caused by the severe weather conditions. To a lesser degree, sales of Houston Woodtech, Inc. were negatively affected because of the lack of outdoor construction activity caused by the weather.

Operating expenses as a percent of sales increased to 8% from 6% in the previous year again due to reduced sales.

Interest expense decreased to $56,000 from $71,000 due to declining interest rates and debt reductions.

After tax earnings for the three months ended January 31, 1992 were $5,308 versus $196,488 for the same period of fiscal 1991. The decrease is attributable to the inclemency of the weather, which significantly reduced the supply of raw materials to the Company's mills and treatment plants, notwithstanding steady demand for the products.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

A special meeting of the shareholders of Hughes Resources, Inc. ("HRI") was held on December 2, 1991 at the corporation's offices in Bon Wier, Texas. The meeting did not involve the election of directors. At the meeting, the shareholders approved a 1.88-for-1 reverse stock split, whereby each 1.88 shares of the common stock outstanding prior to the meeting became one share of common stock following the meeting and the amendment to HRI's articles of incorporation. Proxies were not solicited for the meeting, but an information statement was sent to the shareholders. At the meeting, 5,892,613 shares (93% of the total number of shares outstanding) voted for the reverse stock split, no shares voted against, and no shares shares abstained.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended January 31, 1992. The following reports on Form 8-K were filed subsequently:

Report dated February 26, 1992, reporting an event under Item 5: separation of Units

Report dated February 10, 1992, reporting an event under Item 5: completion of public offering

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HUGHES RESOURCES, INC.

By: James E. Hughes
James E. Hughes, Sr.,
President

By: Reed C. Evans
Reed C. Evans, Principal
Financial Officer